

Grow Sustainable Private Medical Insurance in Asia

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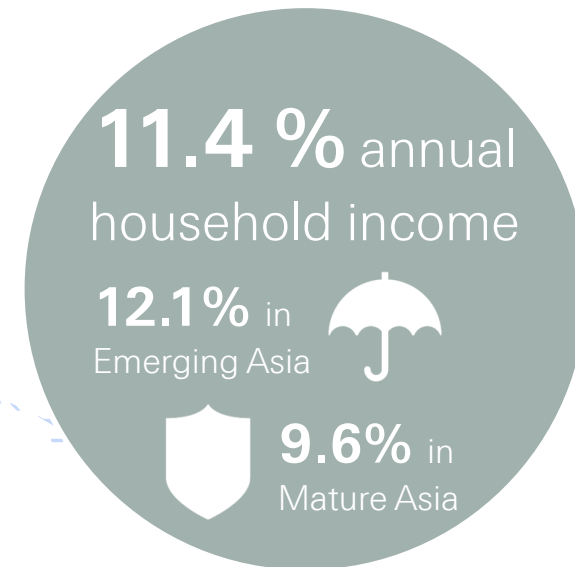
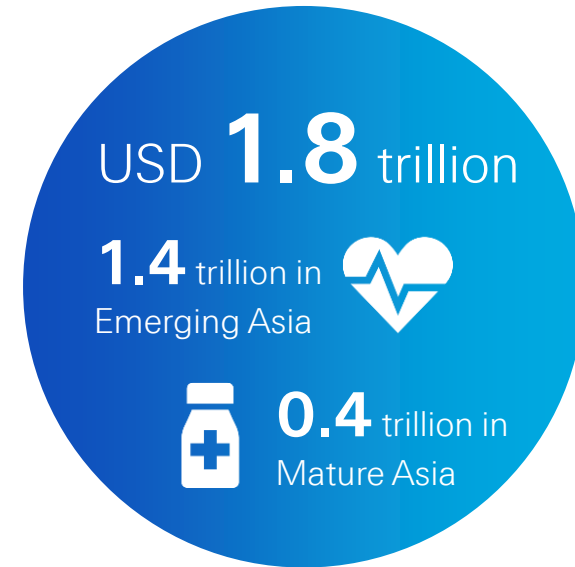
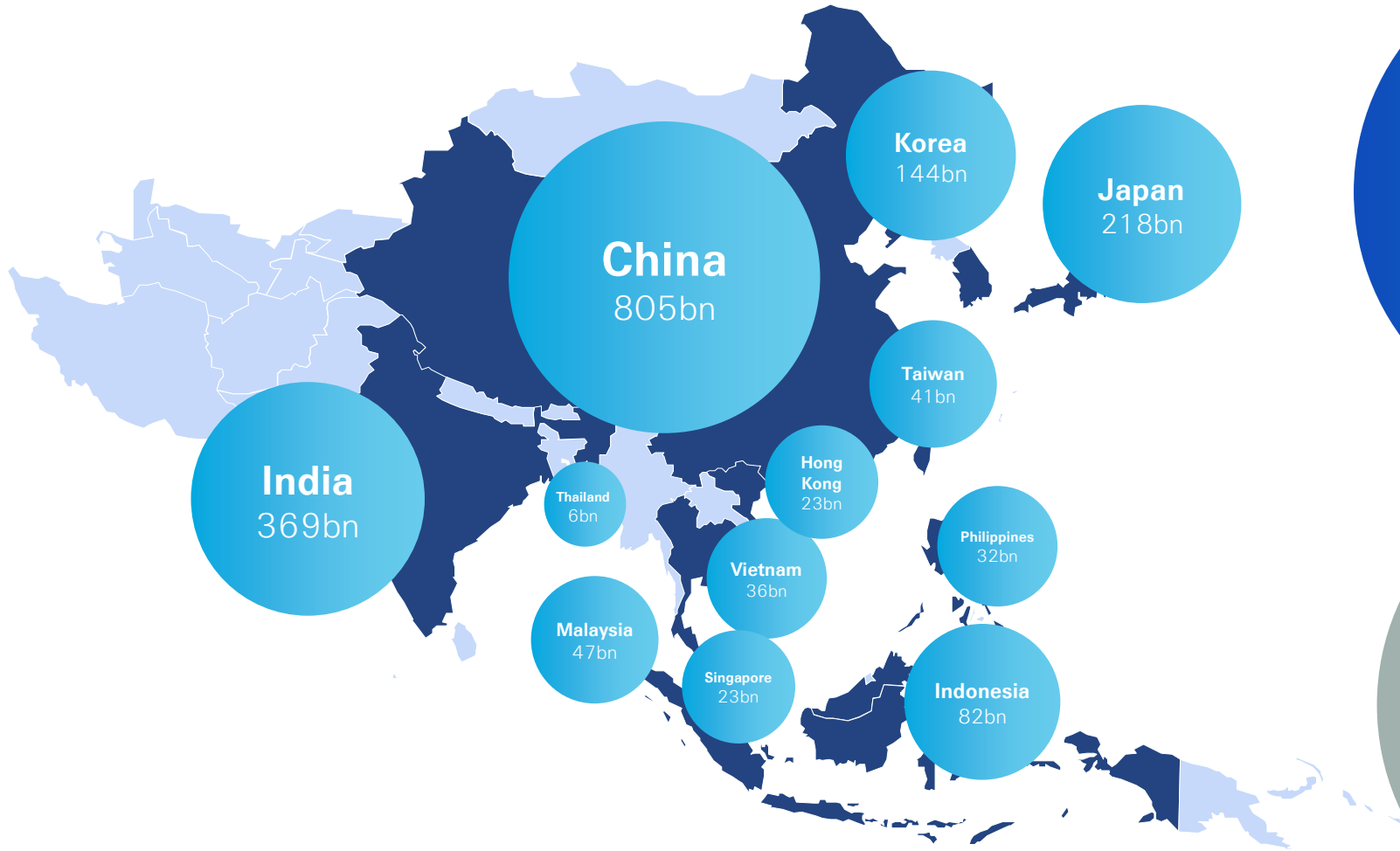


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What are the current Healthcare Landscapes in Asia?

The Health Protection Gap in Asia



Source: Swiss Re Institute

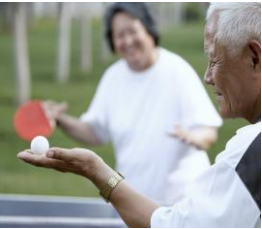
Macro trends in Asia healthcare landscape



Healthcare cost explosion
Driven by increasing trend in cost, utilisation of health services and medical technology advancement



Pressure to reform financing of healthcare
Sustainable Universal Healthcare Coverage requires private solutions partnership



Aging Society
Health and care needs increase substantially in old age



Care delivery model
Increased demand for expansion and better integration in care delivery model



Rising middle income classes
Growing interest in private insurance



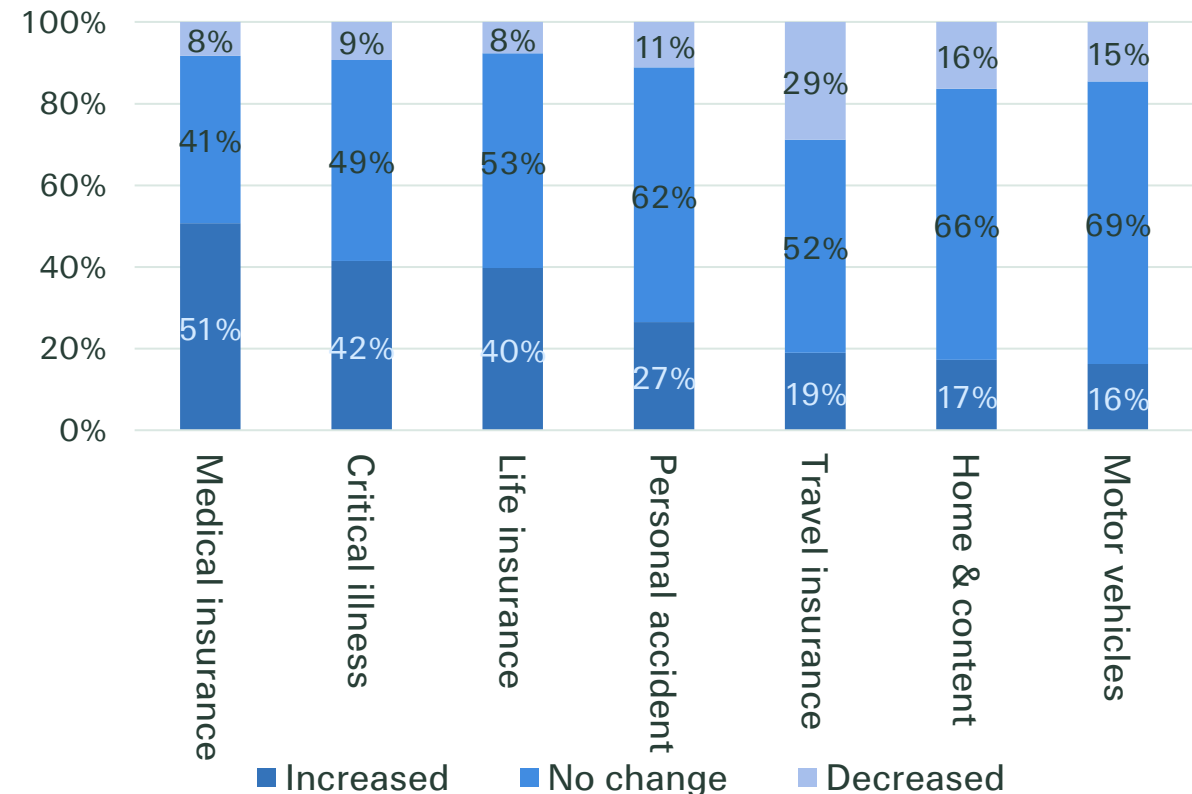
Shift in consumer perception and preference on insurance
Increased risk awareness and preference on digitalization



Covid-19 has further triggered shift in consumer preference

- **Rise in demand for insurance**
 - 48% of the consumers intend to buy insurance as a result of COVID-19 if contacted by insurers
 - about 50% of the responds searched for new policies
 - 31% bought a new policy
- **Prefer for digital channels**
 - 57% more likely to purchase insurance online
- **Medical insurance are at higher priorities**
 - 51% of the consumer see higher priorities for medical insurance
- **Valued added features appeal to consumers**
 - Bundling of insurance policies
 - about 60% of the consumer desire access to health cares services and priority access to healthcare products**

Change in insurance policy priorities due to COVID-19*



Note: Consumer survey in 10 APAC markets (Australia, China, Hong Kong, Indonesia, India, Japan, Malaysia, Singapore, Thailand, Vietnam) Sample size: 5500, survey conducted Apr-Jun 2020 * 2500 respondents in 4 Asia markets (Indonesia, Malaysia, Thailand, Vietnam) ** 500 residents in Australia, Singapore, Hong Kong, and China Source: Swiss Re

Asia market presents long term growth drivers for health insurance

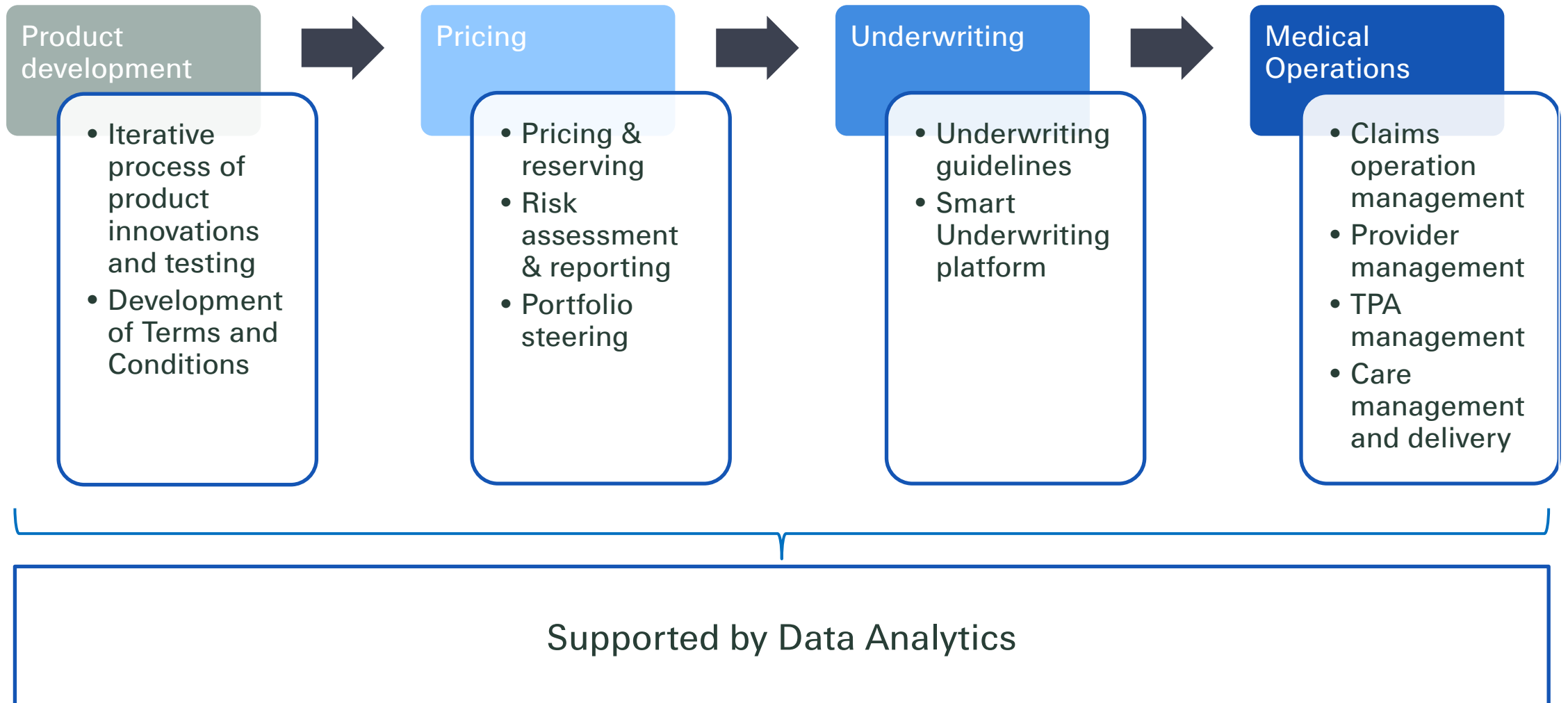
Market size for private medical insurance



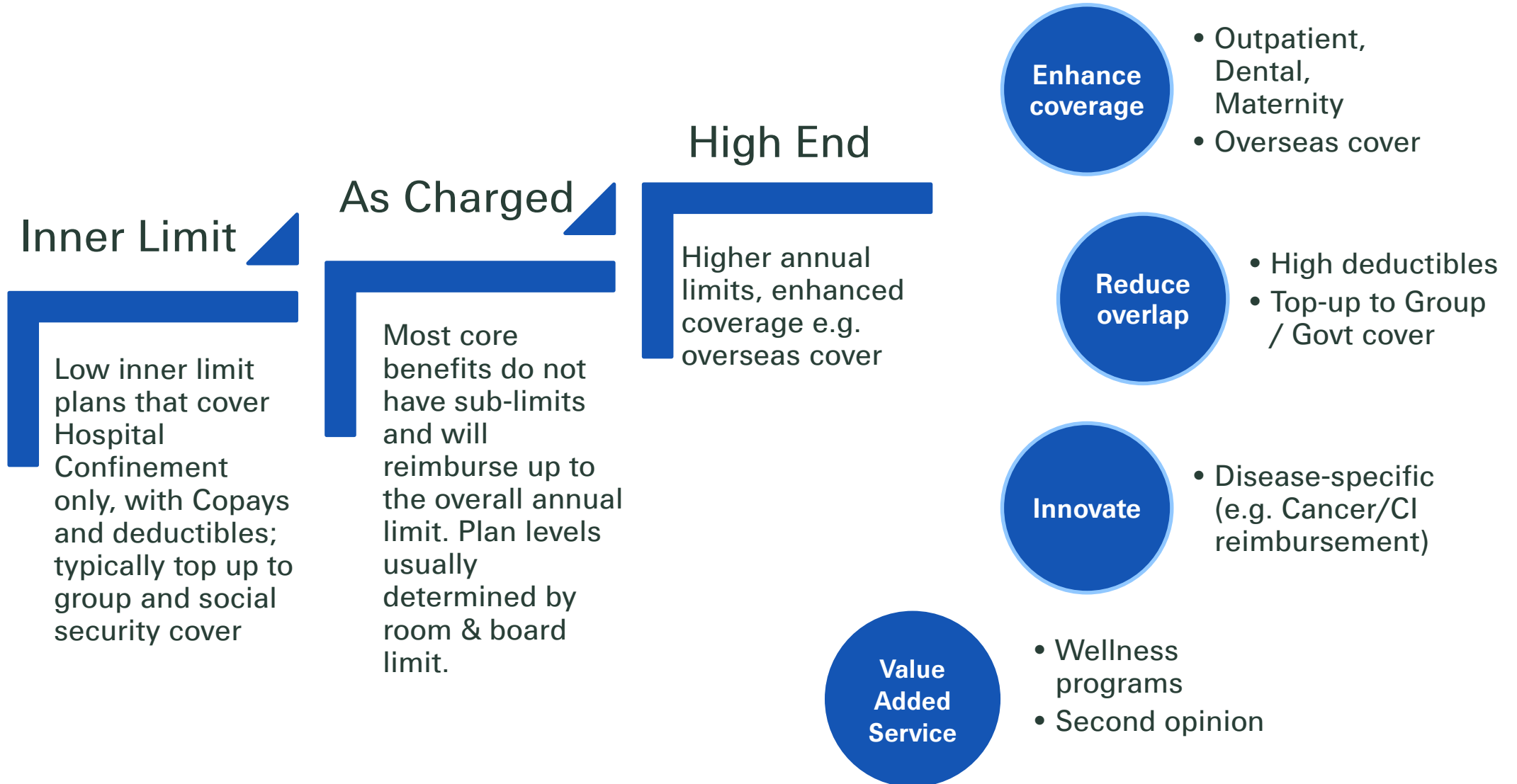
Country	Population (Million)	Total Health Protection Gap (Billion USD)*	Insurance Penetration	Out of pocket healthcare cost
Mainland China	1,416	805	2.4%	36%
India	1,354	369	3.2%	63%
Indonesia	267	82	1.4%	35%
Malaysia	32	47	4.0%	35%
Taiwan	24	41	14.0%	33%
Vietnam	97	36	1.6%	45%
Philippines	107	32	1.2%	56%
Hong Kong	7	23	19.2%	30%
Singapore	6	23	7.6%	31%
Thailand	69	6	3.4%	11%

How can Private Medical Insurance be managed in a sustainable manner?

Medical insurance value chain



Evolutions of Private Medical Insurance products in Asia



Private Medical Insurance product trend



Market	Individual Medical Reimbursement				
	Inner Limit	As Charged	High End	High Deductible Top-up	Disease Specific
Hong Kong*	Common	Common	Growing	Growing	Niche
Singapore**	Niche	Common	Niche	Niche	Niche
Mainland China***	Niche	Niche	Niche	Common	Common
Malaysia	Common	Common	Niche	Niche	Niche
Thailand	Common	Growing	Niche	Niche	Niche
Indonesia	Common	Growing	Niche	Niche	Niche
India	Growing	Common	Niche	Common	Niche

Notes

* HK - Line is blurred between As Charged, High End and HD Top-up as all offer a variety of deductibles. More commonly demarcated by room type (mass market = ward, mid-end = semi-private room, high-end = private room)

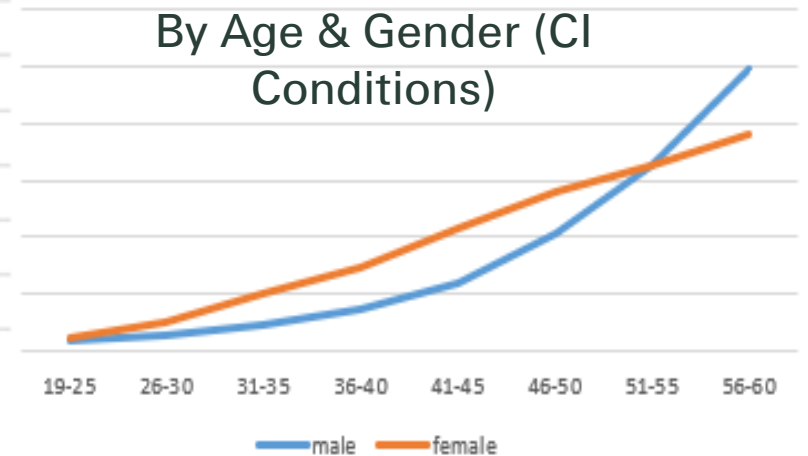
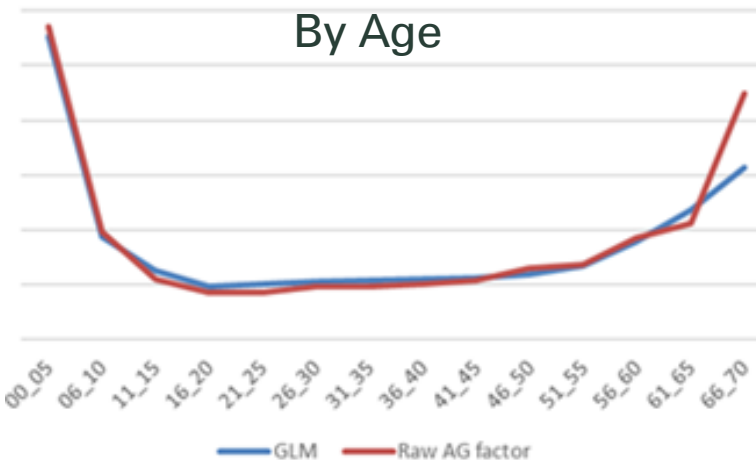
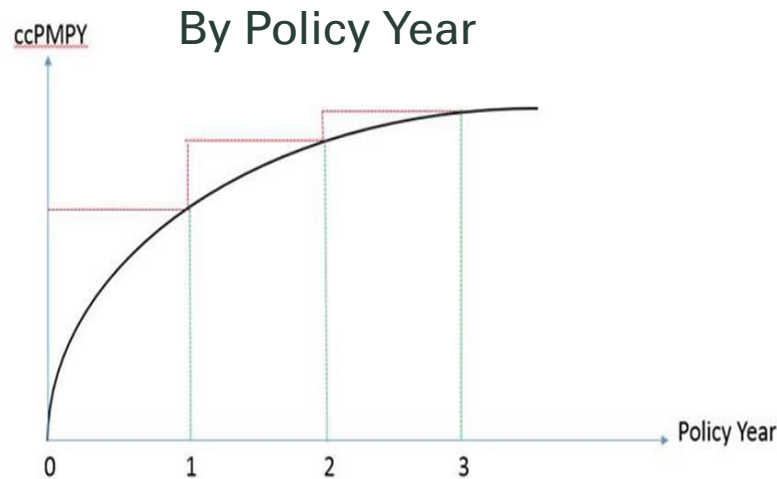
** SG - Integrated Shield plan

*** Mainland China - Mainstream product providing as-charged cover after Social Health Insurance & RMB10k deductible

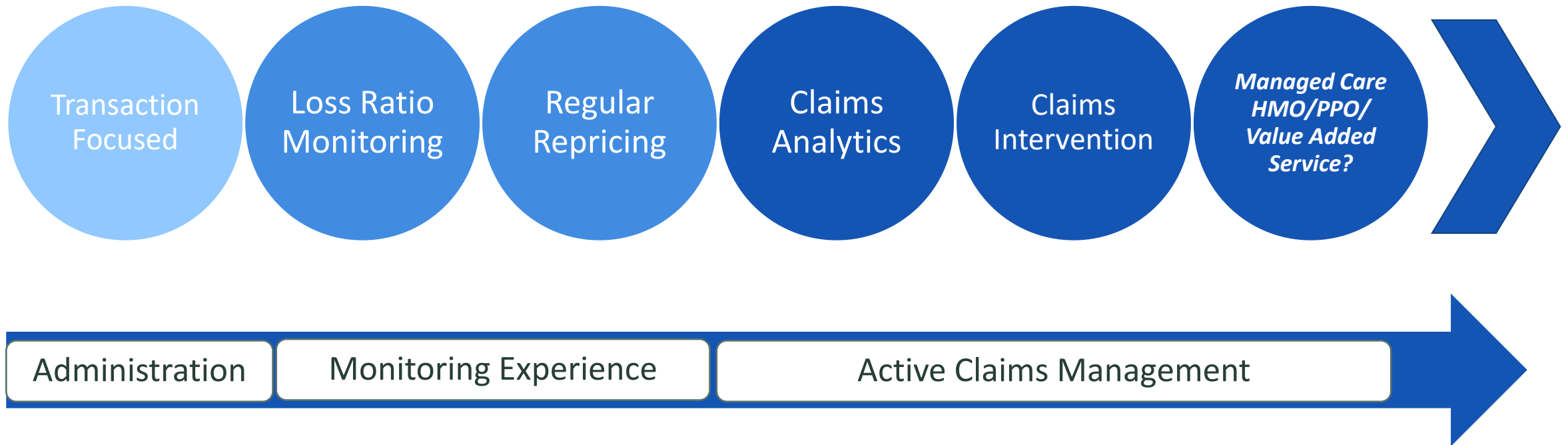
Key PMI pricing factors and example of cost relativities

- Medical inflation
- Utilization patterns
- Duration effect
- Disease/provider/treatment mix
- Claim volatility/large claims
- Change in benefit design/claim process

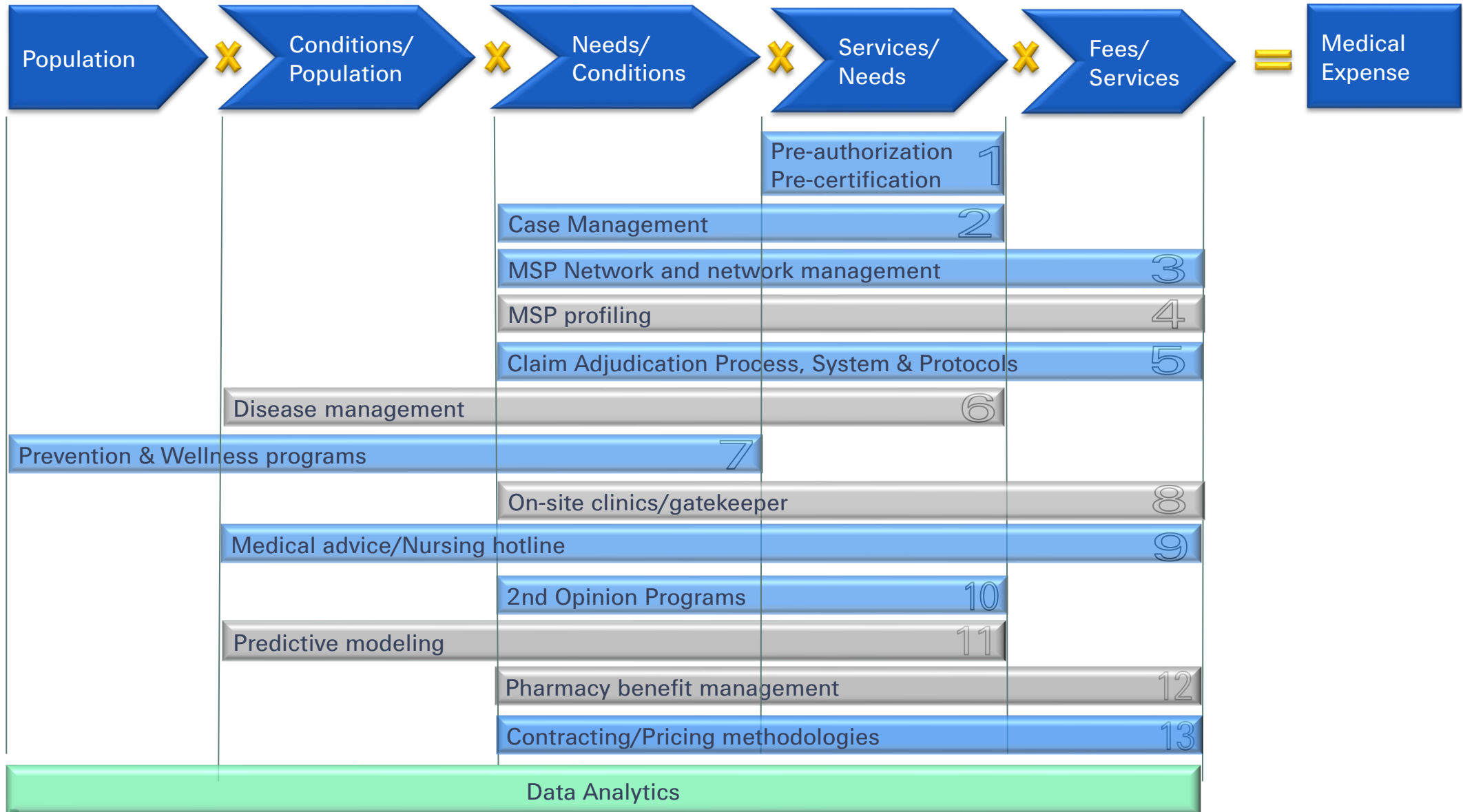
- Cross-subsidization among young vs. old, new business vs. in-force require appropriate assumptions on population/business mix and its change
- Low disclosure rate in certain market and pressure to pay claims even in face of PEC, fraud /wastage / abuse eventually reflected in price and drive up trend
- Utilization analysis includes both the rate of policyholders accessing medical services and site of care



Insurers in Asia manage medical business with varying complexity



A more sophisticated model to manage medical business



Success factors for managing sustainable PMI

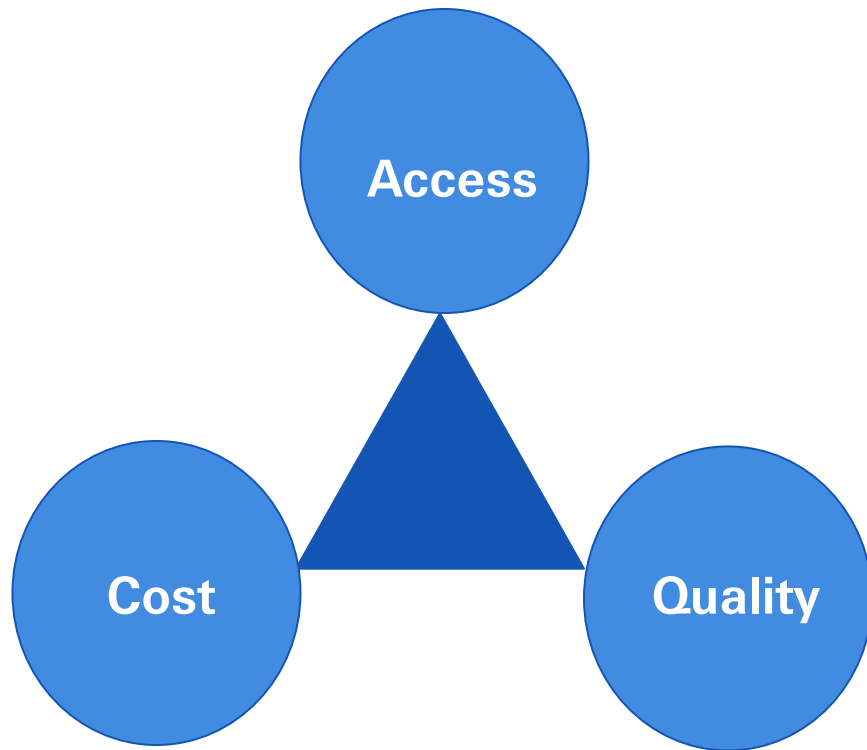
Holistic
approach
across value
chain

Efficient
operational
processes and
controls

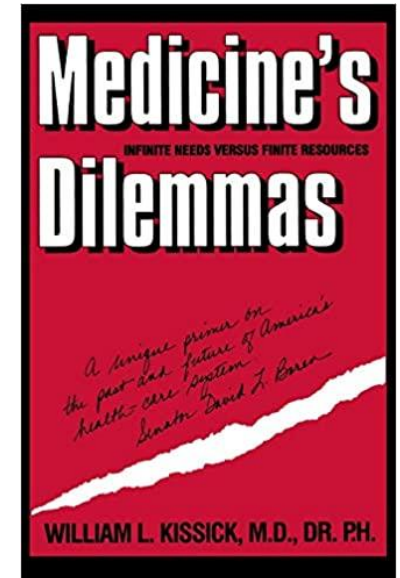
Data analytics
support
decision
making

What else to consider to Grow Sustainable PMI ?

Iron-triangle of sustainable health program



- How to make PMI accessible and affordable to a bigger consumer base?
- How to manage (bend) PMI's medical trend?
- How to go upstream of the care to improve overall long term health outcome?



What else to consider to Grow Sustainable PMI ?

- The role of regulators
 - Broaden access to PMI
 - Inclusive of impaired lives
 - Regulation measures such as tax incentive/penalties, risk equalization
- The role of providers
 - Value to consumers
 - Payment model reform from the pure Fee for Service model -> path to value based care
- The role of technology and data
 - Consumer-centric, technology-enabled solutions
 - Prevention, engagement and consumer empowerment

Any
questions?

Thank you!

Contact us

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